

Introduced by: Cooper  
Date: 04/07/15  
Hearing: 05/05/15  
Action: Introduced and Set for Public  
Hearing 05/05/15  
Date: 05/05/15  
Action: Postponed as Amended  
Until 07/07/15  
Date: 07/07/15  
Action: Tabled  
Vote: 9 Yes, 0 No, 0 Absent  
Date: 10/13/15  
Action: Stricken per KPB 22.40.070(C)

**KENAI PENINSULA BOROUGH  
ORDINANCE 2015-09**

**AN ORDINANCE AMENDING KPB 5.18.430, COMPUTATION-MAXIMUM TAX, BY  
INCREASING THE MAXIMUM AMOUNT OF A SALE SUBJECT TO THE BOROUGH  
SALES TAX TO \$1,000 WITH A TRIENNIAL ADJUSTMENT FOR INFLATION,  
SUBJECT TO VOTER APPROVAL**

**WHEREAS,** KPB 5.18.430(A) currently provides for a 'maximum tax' of \$500, meaning that the borough's sales tax is only to be applied to the first \$500 of each separate sale, rent, or service transaction unless otherwise provided; and

**WHEREAS,** Ordinance No. 9, enacted by the assembly in 1965, set the maximum taxable amount at \$500 and this sum has never been adjusted for inflation or otherwise; and

**WHEREAS,** the present value of \$500 in 1965 is \$3,056.73 according to the Anchorage Consumer Price Index inflation calculator and \$3,757.71 according to the national calculator, which is much greater than \$1,000; and

**WHEREAS,** with the declining statewide revenues the borough will need additional revenues to offset some of the lost state funds; and

**WHEREAS,** KPB 5.18.430(F) requires that any increase in the amount of the cap be approved by the voters;

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That Kenai Peninsula Borough Code of Ordinances Section 5.18.430 is amended as follows:

**5.18.430. Computation—Maximum tax.**

- A. The sales tax referred to in KPB 5.18.100 shall be applied only to the first ~~\$1,000.00~~[500.00] of each separate sale, rent or service transaction, except as otherwise provided in this section. On January 1 of every third year, beginning with January 1, 2019, this cap may be increased based upon the preceding year's Anchorage Consumer Price Index (CPI-U), rounded to the nearest \$10 subject to assembly approval by ordinance.
- B. Except as provided below for long-term vehicle leases, the payment of rent, whether for real or personal property, in excess of the current cap in KPB 5.18.430(A) [500.00] and for more than one month, shall be treated as several separate transactions covering the rental/lease for one month each.
- C. Services provided on account and billed to the customer on a periodic basis are subject to [APPLICATION TO] the tax on a maximum of the current cap in KPB 5.18.430(A) [500.00] of each billing, per account. For purposes of this section, any advance payment for services other than to a trust or escrow account is considered to be paid pursuant to a "billing."
- D. Each night's rental of each individual room shall be considered a separate transaction and therefore the maximum tax computation shall be calculated on a per room per night basis.
- E. Long-term vehicles leases shall be treated as one transaction per year, and per fractional year, of the lease term. The tax paid for any fraction of a year shall equal the tax paid for a whole year. The sales tax for the entire long-term vehicle lease shall be due and collected at the time of the first payment. Tax shall be calculated at the sales tax rate in effect on the day the lease is signed. There shall be no refund of such taxes should the lease terminate earlier than on its terms. Any extension of the initial lease term shall be treated as a new long-term vehicle lease.
- F. Any increase to the maximum sales tax described in subsection (a), above, shall not take effect until ratified by a simple majority of voters at a regular borough election.
- G. Recreational sales shall be treated on a per person per day basis and therefore the maximum tax computation shall be calculated on a per person per day basis. For purposes of this subsection, the term "person" means an individual human being.

**SECTION 2.** That a ballot proposition shall be placed before borough voters at the next regular election to read as follows:

PROPOSITION No. \_\_\_\_\_

Shall Ordinance 2015-09, increasing the maximum amount of a sale subject to the borough sales tax from \$500 to \$1,000 with a triennial adjustment for inflation, be ratified?

Yes \_\_\_\_\_ No \_\_\_\_\_

**SECTION 3.** That Section 2 shall become effective immediately upon enactment of this ordinance. Section 1 of this ordinance shall become effective January 1, 2016, only if the proposition contained in Section 2 is approved by a majority of voters voting on the question in the regular election of October 6, 2015.

**ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS \* DAY OF \* 2015.**

\_\_\_\_\_  
Dale Bagley, Assembly President

ATTEST:

\_\_\_\_\_  
Johni Blankenship, MMC, Borough Clerk

05/05/15 Vote on Motion to Postpone as Amended:

Yes: Cooper, Johnson, Ogle, Welles, Wolf

No: Gilman, Haggerty, McClure, Bagley

Absent: None

07/07/15 Vote on Motion to Table:

Yes: Cooper, Haggerty, Gilman, Johnson, McClure, Ogle, Welles, Wolf, Bagley

No: None

Absent: None